

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Tony Hammond, Vice Chairman;
Mark Acton; and
Nanci E. Langley

Competitive Product Prices
GEPS 3 (MC2010-71)
Negotiated Service Agreements

Docket No. CP2017-133

ORDER APPROVING MODIFICATION THREE TO
GEPS 3 NEGOTIATED SERVICE AGREEMENT AND DENYING AS MOOT MOTION
FOR TEMPORARY RELIEF

(Issued May 22, 2018)

I. INTRODUCTION

The Postal Service seeks to modify a Global Expedited Package Services 3 negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Modification.

¹ Motion of the United States Postal Service for Temporary Relief and Notice of the United States Postal Service of Filing Modification Three to Global Expedited Package Services 3 Negotiated Service Agreement, May 18, 2018 (Notice). The modification is an attachment to the Notice (Modification).

In Order No. 3825, the Commission approved the Global Expedited Package Services 3 negotiated service agreement (Existing Agreement).² On May 18, 2018, the Postal Service filed notice that it has agreed to the Modification to the Existing Agreement.

II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Existing Agreement is set to expire May 31, 2018.³ The Modification revises the expiration date to be conditional on when the Commission completes its review of the successor agreement in Docket No. CP2018-222. Notice at 1. If the Commission completes that review by May 31, 2018, the Existing Agreement will expire on May 31, 2018. *Id.* If the Commission does not complete that review by May 31, 2018, the

² Order Approving Additional Global Expedited Package Services 3 Negotiated Service Agreement, March 24, 2017 (Order No. 3825). The contract was later modified. See Order Approving Modification One to GEPS 3 Negotiated Service Agreement, March 20, 2018 (Order No. 4440); Order Approving Modification Two to GEPS 3 Negotiated Service Agreement, April 16, 2018 (Order No. 4576).

³ See Order No. 3825 at 5 (setting original expiration date as March 31, 2018); Order No. 4440 at 2 (revising expiration date to April 30, 2018); Order No. 4576 at 3 (revising expiration date to May 31, 2018).

Existing Agreement will expire the earlier of one business day after that review is completed, or June 30, 2018. *Id.* at 1-2.

The Modification does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as modified, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

Other considerations. The Existing Agreement, as modified, is set to expire May 31, 2018, if the Commission has completed its review in CP2018-222. *Id.* at 1. Otherwise, it is set to expire the earlier of one business day after that review is completed, or June 30, 2018. *Id.* at 1-2.

If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as modified. Accordingly, the Motion for Temporary Relief is denied as moot.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Global Expedited Package Services 3 negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the revised expiration date, as discussed in the body of this order.

3. The Postal Service's Motion for Temporary Relief is denied as moot.

By the Commission.

Stacy L. Ruble
Secretary